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CONTACT: RICH MILLS/RICARDO REYES
(202) 395-3230

Zoellick Joins Launching of Morocco FTA Congressional Caucus
Negotiations on Track for Cutting Edge Agreement to Promote Economic Growth

WASHINGTON - U.S. Trade Representative Robert B. Zoellick and Moroccan Minister Delegate of Foreign Affairs and Cooperation Taib Fassi-Fihri today attended the launch of the Morocco Free Trade Agreement Congressional Caucus on Capitol Hill. Also present at the launch were Congressmen David Dreier (R-CA), Lincoln Diaz-Balart (R-FL), Phil English (R-PA), and U.S. Ambassador to Morocco Margaret Tutwiler. The Caucus was formed to promote the U.S.-Morocco FTA to Congress and will serve as the first Congressional Caucus launched in support of President Bush's vision of a Middle East Free Trade Area (MEFTA).

"An FTA with Morocco will help strengthen our close friendship by promoting growth, prosperity, and security for both nations," said Zoellick. "Congressional support is critical in the advancement of this agreement and I very much welcome the efforts of the Caucus."

"The completion of a U.S.-Morocco FTA sends a powerful signal to the rest of the Muslim world that the United States is committed to supporting the development of open, prosperous societies in all regions of the world," Zoellick said. "This agreement is an important component of America's commitment to expand economic opportunity throughout the Middle East and the Mahgreb region and is an integral part of the President's plan to create a Middle East Free Trade Area within a decade."

The introduction of the Morocco FTA Congressional Caucus coincides with the fourth round of FTA negotiations between the United States and Morocco, which started Monday, July 21st in Washington. The initial round of negotiations commenced in January 2003 in Washington, with subsequent rounds in Geneva (March) and Rabat (June). The United States expects to complete negotiations by the end of the year. The FTA negotiations include twelve working groups: International Property Rights (IPR), Services, Market Access, Textiles, Government Procurement, Customs, Environment, Labor, Legal, Telecommunications, Investment and Agriculture. Additionally, there is a non-negotiating group focused on outreach and communication.

Morocco is an important part of the Administration's trade strategy of expanding trade globally, regionally, and bilaterally. According to a recent Cato Institute Paper by Dan Griswold, taken

together as a group, the recently completed Chile and Singapore FTA's, the ongoing Morocco, Central America (CAFTA), South African Customs Union (SACU), and Australia FTA negotiations, and the proposed Bahrain FTA negotiations would constitute the 4th largest U.S. export market and the world's 9th economy in terms of purchasing power.

Congressmen John Tanner (D-TN) and Chris John (D-LA), along with Congressmen Diaz-Balart and English co-chair the Caucus. Representatives from CMS Energy and AOL/Time Warner, co-chairs of the U.S.-Morocco Free Trade Coalition also attended the Caucus launch.

Background

U.S.-Morocco Free Trade Area

Morocco is an emerging market at the crossroads of Europe, Africa, and the Middle East that imports \$11 billion worth of goods and products each year. The United States currently exports approximately half a billion dollars worth of products to Morocco each year. Leading exports include aircraft, corn, and machinery. Recently, exports of fabrics and pharmaceuticals have increased significantly. Currently, U.S. products entering Morocco face an average tariff of over 20 percent, while Moroccan products are subject to an average tariff of 4 percent as they enter the United States.

The democratically-elected Moroccan government has launched a comprehensive economic reform program that is aimed at reducing inflation, developing the tourism sector and liberalizing and privatizing key sectors, such as telecommunications. A free trade agreement with the United States will enhance and solidify such reforms because of its comprehensive nature.

The government of Morocco has also launched an initiative to streamline investment procedures and eliminate barriers to foreign and domestic investment. A free trade agreement would have provisions to help improve Morocco's investment climate, as well as protecting U.S. investments.

The U.S. is seeking to eliminate tariffs and other duties on trade between Morocco and the United States on the broadest possible basis, improve intellectual property rights protection, and eliminate barriers in Morocco's services markets. The U.S. seeks to liberalize trade through multilateral, regional, and bilateral initiatives. A free trade agreement with Morocco is an important element of this strategy.

The World Trade Organization (WTO) was founded in Marakesh, Morocco, in April 1994. A free trade agreement between the U.S. and Morocco will support ongoing WTO negotiations.

The U.S. is refocusing its existing development assistance program to link it more closely with a free trade agreement and help Morocco meet a free trade agreement's significant obligations. In addition to building trade capacity, U.S. technical assistance will help Morocco in critical areas, such as agriculture sector reform.

U.S.-Middle East Free Trade Area

To re-ignite economic growth and expand opportunity in the Middle East, the President proposed on May 9th, 2003 to establish a U.S.-Middle East Free Trade Area within a decade. Building on our free trade agreements (FTAs) with Israel and Jordan, the United States will take a series of graduated steps:

- Help reforming countries become members of the World Trade Organization;
- Employ the Generalized System of Preferences program to increase U.S. trade ties and GSP opportunities, applications for more products, and marketing to U.S. investors.
- Negotiate Bilateral Investment Treaties and Trade and Investment Framework Agreements (TIFA) with governments determined to improve their trade and investment regimes;
- Complete our negotiations on a free trade agreement with Morocco by the end of this year;
- Begin negotiations on a FTA with the reform-focused leadership in Bahrain;
- Launch, in consultation with Congress, new bilateral free trade agreements with governments committed to high standards and comprehensive trade liberalization; and
- Provide assistance to build trade capacity and expansion so countries can benefit from integration into the global trading system.

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